



REVIEW OF THE  
DEPARTMENT OF CORRECTIONS

**From The Office Of State Auditor  
Claire McCaskill**

Report No. 2000-85  
August 31, 2000  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

August 2000

[www.auditor.state.mo.us](http://www.auditor.state.mo.us)

**The following problems were discovered as a result of an audit conducted by our office of selected operations of the Central Office of the Department of Corrections.**

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- According to Department of Corrections policy, all receipts are to be immediately transmitted to the Department of Revenue. However, we noted that as of December 1999 Missouri Vocational Enterprises was holding undeposited receipts totaling over \$1,593,600, including over \$11,500 in cash. Some of the undeposited receipts had been held at Missouri Vocational Enterprises for more than five months. We also noted other instances in which Missouri Vocational Enterprises held selected receipts for several months prior to transmittal to the Department of Revenue for deposit.
- At June 30, 1999, Missouri Vocational Enterprises operated 28 enterprises at 11 of the correctional institutions. Some of those industries show substantial losses while others continually show a net profit. A contributing factor to the inequities in the profits and losses of certain entities is an inadequate charge structure. Part of the reason for the inadequacy of the charge structure is not all of the factories are using a cost accounting system that provides or assembles sufficient data to implement an adequate costing system for all manufactured items. Only eight factories are currently using a system that provides an adequate costing system. In reports for the previous eighteen years, similar deficiencies have been noted in the cost accounting system.
- The Board of Probation and Parole operates a continuum of community supervision programs. One of those programs is the Electronic Monitoring Program. The Electronic Monitoring Program is a program designed to allow certain offenders, as assigned by the Department of Corrections, Board of Probation and Parole, or the courts, to live and work in the community. Offenders in the Electronic Monitoring Program are supervised by Probation and Parole Officers in the area where they live. The offenders are required to pay a portion of their gross earnings to cover the costs of the program. The payments are made to the Department of Corrections Central Office, and according to department procedure are to be deposited by transmittal to the Department of Revenue promptly.

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These receipts were not always transmitted to the Department of Revenue on a timely basis. During late November 1999, we noted that the Department of Corrections was holding undeposited receipts totaling over \$179,500. These receipts consisted of over 3,300 money orders from offenders that had accumulated since July 1999. After we brought the problem to the department's attention, these payments were promptly deposited.

- The department has a contract with a medical services provider, Correctional Medical Services, to provide all types of medical services, excluding mental health and psychiatric care, to all inmates housed in state institutions except for those inmates assigned to residential treatment facilities, the community release centers, and the electronic monitoring program. The department has contracted with the same provider since December 1992.

The contract between the department and the medical contractor allows the department to issue a notice of deficiency to the medical contractor if the contractor's performance is unacceptable.

To help ensure the integrity and adequacy of the medical services provided to the inmates, the department should establish procedures or criteria which document when and under what circumstances a formal notice of deficiency should be issued to the medical contractor. While these procedures need not identify every possible problem that could result in a deficiency, they should set general parameters that provide general guidelines as to when and under what circumstances a deficiency should be considered.

- The department allowed a backlog of approximately 2,400 second appeals by inmates regarding grievances, to develop and did not clear them within the time frames required by department policy.
- The department retained over \$19,000 in the Inmate Canteen Fund that should be turned over to the State Treasurer as unclaimed property.

REVIEW OF THE  
DEPARTMENT OF CORRECTIONS

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## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Mel Carnahan, Governor  
and  
Dr. Dora Schriro, Director  
Department of Corrections

We have conducted a review of selected operations of the Department of Corrections, excluding correctional facilities which are reported on separately. The scope of our review included, but was not necessarily limited to, the years ended June 30, 1999 and 1998. The objectives of this review were to:

1. Review certain management practices and financial information for compliance with applicable statutes, regulations and departmental policy.
2. Review the efficiency and the effectiveness of certain management practices and operations.
3. Review compliance with the medical services contract between the Department of Corrections and Correctional Medical Systems.
4. Determine the extent to which certain prior audit recommendations have been implemented.

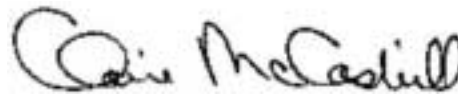
Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the department's revenues, expenditures, policies, rules, regulations, contracts, statutes, and other pertinent procedures and documents and interviewed department officials and personnel.

As part of our review, we assessed the department's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on these controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our review was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in the review of the Department of Corrections.

The accompanying Management Advisory Report presents our findings and recommendations arising from our review of the Department of Corrections.

A handwritten signature in dark ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" being more prominent than the last name "McCaskill".

Claire McCaskill  
State Auditor

January 13, 2000 (fieldwork completion date)

The following auditors participated in the preparation of this report:

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## MANAGEMENT ADVISORY REPORT SECTION



Management Advisory Report -  
State Auditor's Current Recommendations

REVIEW OF THE  
DEPARTMENT OF CORRECTIONS  
SUMMARY OF FINDINGS

1. Missouri Vocational Enterprises Accounting Controls and Procedures (pages 7-9)

Receipts totaling over \$1,593,600 were not transmitted to the Department of Revenue (DOR) for deposit on a timely basis. The Missouri Vocational Enterprises cost accounting systems are inadequate.

2. Electronic Monitoring Program Receipts (pages 9-10)

Program payments totaling over \$179,500 received at the department's Central Office were not transmitted to the DOR for deposit on a timely basis.

3. Inmate Canteen Fund (pages 10-11)

The department has retained monies that should be turned over to the State Treasurer as unclaimed property.

4. Medical Contract (pages 11-12)

Procedures concerning formal notice of deficiencies are in need of improvement.

5. Inmate Grievances (pages 12-13)

The department allowed a backlog of approximately 2,400 second appeals to develop and did not clear them within the time frames required by department policy. In addition, the department provides inmates a rulebook that gives misleading information on grievance procedures.

6. Compensatory Leave Balance (page 14-15)

The department needs to continue to monitor and prevent excessive accrual of compensatory leave balances for correctional officers.

7. State-Owned Vehicles (pages 15-16)

The department's vehicle logs are not always accurate or complete, making it difficult to ensure the vehicles are used as intended or to determine the propriety of fuel or repair costs.

8. Disaster Recovery Plan (pages 16-17)

The department has not developed a formal disaster recovery plan.

REVIEW OF THE  
DEPARTMENT OF CORRECTIONS  
MANAGEMENT ADVISORY REPORT-  
STATE AUDITOR'S CURRENT RECOMMENDATIONS

<b>1. Missouri Vocational Enterprises Accounting Controls and Procedures</b>
--

The Working Capital Revolving Fund of the Missouri Vocational Enterprises (MVE), operating under the auspices of the Department of Corrections (DOC), was established by the General Assembly in July 1955 to fund the operations of correctional industries. The statutes provide that accounting records shall be maintained in a manner to report the net profits and losses of the fund. The MVE employs approximately 1,300 inmates who provide a variety of products and services for sale to state agencies, city and county governments, political subdivisions, state employees, and not-for-profit organizations.

During our review of MVE operations, we noted the following areas of concern:

- A. According to DOC policy, all receipts are to be immediately transmitted to the Department of Revenue (DOR). However, MVE receipts were not always transmitted to the DOR for deposit on a timely basis. We noted that, as of December 1999, MVE was holding undeposited receipts totaling over \$1,593,600, including over \$11,500 in cash. Some of the undeposited receipts had been held at MVE for more than five months. We also noted other instances in which MVE held selected receipts for several months prior to transmittal to the DOR for deposit.

MVE personnel indicated they had problems with the state's new SAM II accounting system, delaying payment processing, and they sometimes held receipts for several months if they were unsure how to process the receipt in question. MVE personnel indicated that once questions regarding processing were resolved, collections were transmitted promptly to the DOR.

The untimely transmittal of deposits results in lost interest revenues to the state and exposes the monies to unnecessary risk of loss or misuse. To adequately safeguard receipts and to reduce the risk of loss or misuse of funds, transmittals to the DOR should be made on a timely basis.

- B. At June 30, 1999, MVE operated twenty-eight enterprises at eleven of the correctional institutions. In prior reports of the Department of Corrections and the MVE's Working Capital Revolving Fund, we have indicated a wide range of net profit and loss percentages. This trend continued in fiscal year 1999, with net operating profit as a percentage of sales and other income ranging from approximately 1 to 86 percent for certain segments, while other segments operated at a net loss of 1 to 22 percent.

Some industries show substantial losses while others continually show a net profit. For example, the clothing factory at the Jefferson City Correctional Center (JCCC) lost \$99,358 while the clothing factory at the Farmington Correctional Center (FCC) had a profit of \$577,358 during the year ended June 30, 1999. The Laundry segment at the FCC lost over \$51,500 while the laundry segment at the Moberly Correctional Center (MCC) had a profit of over \$264,900 during the year ended June 30, 1999.

A contributing factor to the inequities in the profits and losses of certain entities is an inadequate charge structure. Part of the reason for the inadequacy of the charge structure is not all of the factories are using a cost accounting system that provides or assembles sufficient data to implement an adequate costing system for all manufactured items. Only eight factories are currently using a system that provides an adequate costing system. All of the other factories are using a different accounting system or are unable to implement an adequate costing system. The deficiencies noted in this system were:

1. The system does not provide sufficient controls to obtain job cost information for direct labor and all overhead costs.
2. The system does not provide for analysis of cost variance, and consequently, there is no means of monitoring and identifying inefficiencies in the manufacturing process.
3. Because of items 1 and 2 above, the system does not allocate labor and overhead to work-in-process and finished goods inventories to properly match inventory-related costs to the appropriate period revenues.

As a result of the deficiencies in the cost accounting system, management does not have accurate or complete data with which to evaluate the true profitability of a given product or enterprise.

In our reports for the previous eighteen years, similar deficiencies have been noted in the cost accounting system. Recently, we have noted that some of the factories have been placed on a system that enables them to properly allocate the costs, but a majority are still not using this improved cost accounting system.

The MVE and DOC should continue efforts to improve its cost accounting system as rapidly as possible by converting each enterprise segment to this system. Efforts should also continue to improve the efficiency of the various less profitable enterprise segments.

**WE RECOMMEND:**

- A. The MVE transmit all receipts to the DOR on a timely basis.

- B. The MVE and DOC proceed on a timely basis to implement a cost accounting system to better accumulate costs by major products or the enterprise segments. The system should include sufficient controls to provide accurate job cost information from all factories and actual accumulated costs for raw materials, direct labor, and overhead. Further, the system should provide for a detailed analysis of cost variances.

### **AUDITEE'S RESPONSE**

- A. *The Department concurs with the findings. MVE was behind in its entry of receipts at the time of the audit. MVE's entry of receipts is now timely.*
- B. *The Department concurs with the findings. MVE and DOC are proceeding as planned with programming to provide an interface between the J. D. Edwards computerized business system and the SAM II accounting system to deliver a cost accounting system for all enterprise segments. MVE has contracted with a vendor to develop the interface necessary to fully integrate the business systems by March 2001.*

<b>2. Electronic Monitoring Program Receipts</b>
--

The Board of Probation and Parole operates a continuum of community supervision programs. One of those programs is the Electronic Monitoring Program (EMP). The EMP is a program designed to allow certain offenders, as assigned by the Department of Corrections, Board of Probation and Parole, or the courts to live and work in the community. Offenders in the EMP are supervised by Probation and Parole Officers in the area where they live. The offenders are required to pay a portion of their gross earnings to cover the costs of the program. The payments are made to the department's Central Office, and according to DOC procedure D 3-3.3 are to be deposited by transmittal to the DOR promptly.

These receipts were not always transmitted to the DOR on a timely basis. During late November 1999, we noted that the DOC was holding undeposited receipts totaling over \$179,500. These receipts consisted of over 3,300 money orders from offenders that had accumulated since July 1999.

After we brought this problem to the department's attention, these payments were promptly deposited.

**WE RECOMMEND** the DOC ensure all receipts are transmitted to the DOR on a timely basis.

### **AUDITEE'S RESPONSE**

*The Department concurs with this recommendation. An Electronic Monitoring Program (EMP) Accounts Receivable system maintains accounts for each offender assigned to the EMP. During*

*fiscal year 1999, a new offender information system was implemented and all offenders were assigned new inmate numbers. Consequently, each offender's balance and number in the Accounts Receivable system had to be re-verified and re-entered prior to FY00, a manual process that took longer than anticipated. The backlog is now resolved.*

**3.**

### **Inmate Canteen Fund**

The department's Inmate Finance Office (IFO) provides financial and bookkeeping services for the Inmate Canteen Fund (ICF), the Inmate Account Fund (IAF) and the Coupon Fund. The ICF accounts for the operation of the inmate canteens at the various institutions, while the IAF accounts for monies received by inmates from prison jobs or from sources outside the institutions.

The Coupon Fund is a group of accounts within the ICF that were used in recent years to record the sales of \$5 coupon books which were sold to the inmates for use on weekends and holidays when the regular canteens were not operating. Previously, most inmate purchases were handled through the coupon process. When a coupon book was sold to an inmate, the \$5 cost of the book was deducted from his or her account balance in the IAF and was held in the Coupon Fund to cover the liability to the inmate for the outstanding coupons. When inmates spent or redeemed coupons, the Coupon Fund reimbursed the canteen for the value of the redeemed coupons. The DOC modernized the Coupon Fund system and closed out the "old Coupon Fund" and gave the inmates a limited period of time to redeem the old coupons.

After the old Coupon Fund was discontinued, the fund and accumulated interest totaled over \$19,000 as the result of some old coupons not being redeemed. The \$19,000 remains in the custody of the DOC, but they are unable to identify the inmates who never spent their old coupons. The department has considered several methods to dispose of the money, some of which included departmental direct expenditures. However, this money does not belong to the DOC and its use by the department does not appear appropriate or authorized by statute. Instead, it appears the money should be disposed of in accordance with the state's lost and unclaimed property laws under Chapter 447, RSMo Cumulative Supp. 1999.

**WE RECOMMEND** the DOC dispose of the outstanding coupon monies in compliance with applicable statutory provisions.

### **AUDITEE'S RESPONSE**

*The Department concurs with the auditor's recommendation.*

*Please note DOC sought State Auditor guidance at the time of the last audit. When it was not provided, the Department raised this issue again in conversation with the State Auditor during this visit. The funds will be dispersed by September 1, 2000, as per guidance recently provided.*

## **AUDITOR'S COMMENT**

The DOC has been unable to provide any written record of ever making such a request for guidance.

<b>4. Medical Contract</b>
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The department has a contract with a medical services provider, Correctional Medical Services, to provide all types of medical services, excluding mental health and psychiatric care, to all inmates housed in state institutions except for those inmates assigned to residential treatment facilities, the community release centers, and the electronic monitoring program. The department has contracted with the same provider since December 1992.

The contract between the department and the medical contractor allows the department to issue a notice of deficiency to the medical contractor if the contractor's performance is unacceptable. The department has a mechanism to evaluate the contractor's performance, however, it has not established any procedures or criteria which document when and under what circumstances a formal notice of deficiency should be issued to the medical contractor.

To help ensure the integrity and adequacy of the medical services provided to the inmates, the department should establish procedures or criteria which document when and under what circumstances a formal notice of deficiency should be issued to the medical contractor. While these procedures need not identify every possible problem that could result in a deficiency, they should set general parameters that provide guidelines as to when and under what circumstances a deficiency should be considered.

A similar condition was also noted in our prior report.

**WE AGAIN RECOMMEND** the DOC establish procedures or criteria that document when and under what circumstances a formal notice of deficiency should be issued to the medical contractor.

## **AUDITEE'S RESPONSE**

*The Department concurs with this finding. Written procedures are not currently in place to address issuance of formal notices of deficiency, rather the Department uses the language provided in the medical contract as guidance in the issuance of notices.*

*The Department is currently revising its medical contract compliance monitoring Standard Operating Procedure to include the circumstances under which a notice of deficiency will be issued. As per our current practice, the procedure will specify a notice of deficiency will be issued when there is evidence of substantial and/or repeated performance failure in the following areas:*

- *To provide an appropriate community standard of care to any one or a group of offenders;*
- *To provide care in a timely manner resulting in adverse patient outcomes;*
- *To provide accurate documentation of care, resulting in adverse patient outcomes or a substantial misrepresentation of contractor performance;*
- *To comply with DOC policies, state statutes or federal law; and*
- *To maintain minimum staffing levels as prescribed by the contract.*

## **5.**

## **Inmate Grievances**

Inmate grievance procedures provide inmates with the opportunity to present complaints about various issues, including the medical care provided by the department's medical contractor. The grievance process includes four separate stages starting with an informal resolution request (stage one) that calls for a response within 30 days. If unsatisfied, an inmate can file a formal grievance (stage two) and should receive a response from the institution superintendent or his designee within 30 days. If the inmate continues to be unsatisfied with the response, a grievance appeal (stage three) can be submitted to the applicable division director who has 30 days to respond. If the inmate continues unsatisfied from this (stage three) grievance appeal, the complaint can be pursued in a court or in a grievance second appeal (stage four) to the Department Director. These procedures are authorized under provisions of the Prison Litigation Reform Act 42USC Section 1997E (a).

Prior to the Department Director receiving the (stage four) second appeal, a Citizen's Advisory Committee must review the appeal and make a recommendation to the Department Director. Under policy, the Department Director's response is to be returned to the inmate within 90 days from the filing of the second appeal. Our review of the grievance procedures resulted in the following concerns:

- A. The department does not respond to the (stage four) second appeals within 90 days as required by its policy. During July 1999, we reviewed sixty grievances and noted seventeen involved second appeals. None of the Department Director's responses to the second appeals were provided within the 90 days allowed. Of the responses provided, all were made six months to a year after the date the second appeal was filed. At the time of our review, twelve were more than a year old and remained open.

Such significant delays are a concern because the grievance appeal form used by the department incorrectly indicates the inmate may not seek relief in Federal Court until the Department Director responds to the (stage four) second appeal. As a result of the failure to respond promptly to the second appeals, inmates are unable to resolve their grievances and in some instances could possibly suffer harm. Such delays prevent the inmate from receiving problem resolution and could potentially result in a greater risk of state liability.



- B. During July 1999, the back log consisted of approximately 2,400 second appeals which were not yet processed. Some of these appeals have been delayed for over a year. When the inmates are admitted to the system and processed they receive an inmate rulebook that incorrectly states that all four stages of the department's grievance procedures must be completed prior to filing a lawsuit. This is misleading because court procedures may begin after an unsatisfactory (stage three) grievance appeal has been received.

To ensure the inmates are not misled by the above inaccuracies on the grievance procedures, the department should correct the form and rulebook errors.

During our March 2000 follow-up review of the second grievance back log, the DOC indicated there were less than 50 second appeals still pending.

**WE RECOMMEND** the DOC:

- A. Ensure it complies with its formal grievance procedures and that inmate grievances are responded to in a timely manner.
- B. Ensure second appeals are handled promptly and provide accurate rules information to the inmates about the grievance procedures.

**AUDITEE'S RESPONSE**

- A. *The Department concurs in part with Finding A.*

*Inmates are not required to exhaust Second Appeals (Step 4) prior to filing with the court and DOC is not required to reply to Step 4 appeals within 90 days. IS8-2.1 Inmate Grievance process, effective January 15, 1992, established the inmates' right, after the first appeal (Step 3) is completed, to proceed in court or to continue with the grievance procedure by filing a second appeal (Step 4); see IS8-2.1. III. M. That section also expresses the Department's desire to respond promptly, however, failure to reply within the suggested time line does violate the policy.*

*The Offender Grievance Appeal form (MO 931-3778 (4-00)) has been revised.*

- B. *The Department concurs with the recommendation.*

*Second appeals (Step 4) had been backlogged due to the significant increase in the offender population without a commensurate increase in FTE authorization. To offset staffing shortfalls and to successfully eliminate the second appeals backlog (Step 4), institutional grievance officers have been temporarily reassigned at various times since 1999 to central office.*

*The Inmate Rulebook is under revision and should be completed by July 2001.*

**6.****Compensatory Leave Balance**

We reviewed the compensatory leave balances of the DOC and found these balances to be excessive for some employees. Compensatory leave is normally earned at the rate of one and one half hours per hour of overtime worked, or one hour for each hour worked when working extra during weeks with holidays. Such overtime is worked to cover for other employees who are sick, taking annual leave, or other days off. The leave can later be used as time off with pay or is paid in full to those who terminate employment with the department.

A supplemental payroll for over \$2.6 million was processed in March 1999 to pay down the accumulated compensatory leave balances. However, the accumulated leave liability at June 30, 1999, had again reached approximately \$1.4 million.

Correctional officers are especially susceptible to accumulating compensatory leave due to working holidays, filling in for other correctional officers or vacant positions, and to provide adequate security coverage. The department's policy states, "Any employee who reaches a balance of 40 hours of compensatory time must be transferred from that job assignment and/or placed on a compensatory time reduction schedule. These employees must be returned to their job assignments when compensatory time has been appropriately reduced."

Because of the department's inability to strictly comply with its policy and avoid incurring the build up of additional employee compensatory leave balances, the department is increasing its liability to provide monetary compensation to these employees upon termination.

A similar condition was noted in our previous report.

**WE RECOMMEND** the DOC continue efforts to manage or control compensatory leave balances and prevent excessive accrual of compensatory leave.

**AUDITEE'S RESPONSE**

*The Department concurs with the recommendation.*

*We will continue to make every effort to manage and control compensatory leave balances within existing resources. It is important to note however, that funds to pay down compensatory time balances in Fiscal Years 1996 through 1999 were not appropriated in Fiscal Years 2000 and 2001. Accordingly, DOC policy D2-8.4 – Compensatory Time is being revised (new language is in bold).*

*Any employee who reaches a balance of 40 hours of compensatory time must be transferred from that job assignment and /or placed on a compensatory time reduction schedule. These employees must be returned to their job assignments when*

*compensatory time has been appropriately reduced. The Department Director may waive this requirement.*

**7.**

### **State-Owned Vehicles**

The DOC has a large fleet of motor vehicles consisting of passenger cars, vans, buses, trucks, and trailers. As of June 30, 1999, the department's fleet consisted of approximately 800 such vehicles. Our review of the department's state-owned vehicles noted the following concerns:

- A.1. The department maintains monthly vehicle travel logs for pool vehicles. A review of 25 pool vehicles indicated that the DOC does not maintain accurate and complete monthly vehicle travel logs.

We reviewed the vehicle logs submitted and noted that 22 of 25 vehicles tested did not indicate the purpose of the trip. In addition, the logs contained gaps in the ending mileage of the previously recorded trip and the beginning mileage of the following trip. Without proper documentation of the purpose and destination of trips, it is not possible to determine if state-owned vehicles are used only for official business.

2. The department does not require monthly vehicle travel logs to be maintained on state vehicles assigned to employees. Without proper documentation of the purpose and destination of trips, it is not possible to monitor usage of state-owned vehicles.

Complete, detailed vehicle travel logs documenting all dates traveled, destinations, and mileage are necessary to ensure state-owned vehicles are only used for authorized purposes and to adequately track vehicle costs. In addition, these vehicle travel logs can be used to distinguish between personal commuting and business mileage. Without this documentation, it is not possible to properly monitor the business or personal use of the state-owned vehicles.

- B. A monthly vehicle operation log is maintained for all DOC vehicles for the purpose of accumulating and tracking vehicle operating costs. These logs are submitted to the department's Fiscal Management Section. We noted that these monthly vehicle operation logs are not accurate and complete since maintenance or repair costs are rarely reported, and in some cases nothing was recorded on these logs.

Without proper documentation of the maintenance and repair costs, it is not possible to determine the propriety of fuel and/or repair billings, or identify the need to replace the vehicle due to excessive maintenance costs.

Similar conditions were also noted in our prior reports.

**WE AGAIN RECOMMEND** the DOC:

- A. Require that complete vehicle travel logs be kept on all assigned and pool vehicles. The department should monitor these logs to determine the reasonableness of mileage incurred, and ensure that use is for authorized purposes.
- B. Ensure comprehensive vehicle operation logs are completed for all state-owned vehicles. Vehicle mileage logs should be monitored for propriety and reasonableness of miles traveled and costs of operation.

**AUDITEE'S RESPONSE**

- A. *The Department has designated an employee as Vehicle Fleet Coordinator. Effective August 2000, the Vehicle Fleet Coordinator will receive on a monthly basis the vehicle travel log for all vehicles. These logs will be monitored for completeness including the destination and purpose of the trip. Mileage will be monitored for appropriate and reasonable use of the vehicles.*
- B. *Effective August 2000, the Vehicle Fleet Coordinator will receive the monthly vehicle operation log for all vehicles. These logs will be monitored for appropriate costs and for documentation of vehicle maintenance.*

*The Vehicle Fleet Coordinator is also responsible for managing the preventive and scheduled maintenance of the vehicles in the Department's Central Office pool.*

<b>8. Disaster Recovery Plan</b>
----------------------------------

The department's Central Office Information Systems (IS) Section uses large mainframe computer systems for various departmentwide applications and for the inmate banking system. We reviewed certain operating practices and procedures in the computer areas and noted the DOC has not developed a written formal disaster recovery plan for use in the event that a fire or some other disaster were to destroy or incapacitate the department's computer system. The department relies heavily on its data processing system and reports, and any significant interruption in the data processing system's operations could cause serious problems throughout the state's correctional system.

A formal disaster recovery plan would specify recovery actions required to reestablish critical IS operations. Once a disaster recovery plan has been developed and approved, it should be periodically tested and reviewed.

A similar condition was noted in our prior report.

**WE AGAIN RECOMMEND** the DOC develop a formal written disaster recovery plan. Once developed, the plan should be periodically tested and reviewed.

**AUDITEE'S RESPONSE**

*The Department concurs in part with the auditor's recommendation. The DOC has not completed a single disaster recovery plan, however, the DOC does have written emergency procedures for staff in the event of an emergency including key vendor and State Data Center contacts necessary to expedite equipment replacement. We also have in place and occasionally test formal processes and programs necessary to restore our central computing environment including application programs and data files. DOC does not have a formal plan to restore the data center environment and the network connectivity and will take steps necessary to comply.*

*Development of a single disaster recovery plan is contingent on availability of appropriate resources. If resources are available at the start of FY 2002, the plan will be completed by January 2002.*

This report is intended for the information of the management of the Department of Corrections and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

### Follow-up on State Auditor's Prior Recommendations

REVIEW OF THE  
DEPARTMENT OF CORRECTIONS  
FOLLOW-UP ON STATE AUDITOR'S PRIOR RECOMMENDATIONS

This section reports follow-up action taken by the Department of Corrections (DOC) on recommendations made in the Management Advisory Report (MAR) for our prior report issued for the three years ended June 30, 1992, and for the prior reports of the Department of Corrections, Medical Services Contract for the three years ended November 30, 1995, and Missouri Vocational Enterprises - Working Capital Revolving Fund for the three years ended June 30, 1995. The prior recommendations which have not been implemented, but are considered significant, have been repeated in the current MAR. Although the remaining unimplemented recommendations have not been repeated, the department should consider implementing these recommendations.

DEPARTMENT OF CORRECTIONS  
THREE YEARS ENDED JUNE 30, 1992

1. Telephone Fund

The DOC established a Telephone Fund within the Inmate Canteen Fund (ICF) for the deposit of monthly commission income from coinless pay telephones used by inmates at various institutions operated by the DOC. The department deposited to the General Revenue Fund-State (GRF-S) over \$1,777,000 of these commissions but retained over \$473,000 in commissions for use within the ICF for certain personal service costs and other expenditures.

Recommendation:

The DOC discontinue the retention and expenditure of telephone commissions. Further, the department should reimburse the GRF-S for the monies previously withheld from the telephone commissions.

Status:

Partially implemented. The DOC discontinued the retention and expenditure of telephone commissions. The department did not reimburse the GRF-S for the monies previously withheld from the telephone commissions. Although not repeated in the current report, our recommendation remains as stated above.

2. Disbursements

A. The department completed a false receiving report and other documents which indicated the DOC received 1,040 laboratory coats from the Missouri Vocational Enterprises (MVE) Clothing Factory. As a result of issuing the false receiving report, the department was able to process the \$21,320 invoice for payment from

the General Revenue Fund-State appropriations which otherwise would have lapsed.

- B. The DOC and the Board of Probation and Parole (BPP) made other purchases from the MVE costing over \$225,300 that were stored in the DOC Central Warehouse and many were noted to still be in storage.
- C. Central Missouri Correctional Center (CMCC) had several new unused equipment items still stored in the original packaging. The unused items included six lawnmowers, five weed eaters, and two garden tillers.
- D. The DOC incurred obligations in excess of its operating appropriations for the fiscal years 1990, 1991 and 1992 and paid these expenses from following years appropriations.

Recommendation:

The DOC:

- A. Prepare receiving reports and other documentation only for items actually received.
- B. Discontinue the practice of stockpiling goods and supplies at year end for future use.
- C. Limit equipment purchases to only those items needed in the department's current operations.
- D. Discontinue the practice of using funds appropriated for one fiscal year to pay the costs associated with other fiscal years.

Status:

- A&B. Implemented. No similar instances of supplies stockpiling was noted during our current audit. However, the department has experienced an extensive facilities expansion program over several years. Because of the long lead time often required to purchase new facility equipment and supplies, and put them in place, the department has used a funding program called the inmate growth pool allowing various advance initiatives to respond to the significant growth in inmate population.
- C. The status of this recommendation will be reviewed as a part of a future audit of the CMCC.
- D. Implemented. No similar instances were noted during our current audit.



3. Electronic Data Processing Equipment Purchases

The DOC had several items of electronic data processing (EDP) equipment stored at the central office warehouse. Some of the items were stored for over two years. The DOC did not prepare or maintain a written action plan which provided a record of planned changes or improvements in the usage of the various items of stored EDP equipment.

- A. The DOC received ten new printers during June 1990 that were not installed until July 1992, over two years later.
- B. Twelve personal computers were purchased in May 1992 and ten of the twelve were still in the original packaging at the department's central warehouse in September 1992.
- C. The DOC purchased thirty display stations in December 1991. In June 1992, five of the thirty display stations were still stored in the original packaging at the department's central warehouse.

Recommendation:

The DOC properly plan EDP purchases to avoid unnecessary investments in equipment which remains unused for long periods of time.

Status:

Implemented. No such instances were noted during our current review.

4. Cost Allocations Between the DOC and the MVE

The DOC and MVE were separate entities and each was separately funded. The DOC was funded by appropriations from the General Revenue Fund-State while the MVE was funded by appropriations from the Working Capital Revolving Fund (WCRF).

- A. Salaries and benefits of a number of employees of the Department of Corrections-Fiscal Management Unit were paid by the WCRF. The department was unable to provide any documentation to support its allocation of these costs to the WCRF. These workers performed duties related to both the DOC and the MVE.
- B. The MVE rented office space from the DOC. The DOC Construction/Fire and Safety Unit and DOC Internal Audit Section occupied nearly 21.7 percent of this office space, however, the DOC did not pay any of the lease cost.
- C. The department purchased an extensive computerized accounting software system that had many applications for both the DOC and MVE. The entire cost of the software along with related employee training costs were to be paid by the MVE.

Recommendation:

The DOC maintain documentation to support the allocation of costs between the GRF-S and the MVE WCRF. In addition, we recommend the DOC:

- A. Allocate the personal service costs between the DOC and the WCRF based on the actual work performed for each facility.
- B. Allocate lease costs to the GRF-S and the WCRF based on the actual cost of the space used by the DOC and the MVE.
- C. Allocate the costs of the accounting software between the DOC and MVE based on actual or expected usage.

Status:

- A. Not implemented. The DOC charges the costs of three employees to the WCRF and has no documented basis for the charges. Although not repeated in the current report, our recommendation remains as stated above.
- B. Implemented. MVE moved into their own separate headquarters and does not share space with the DOC.
- C. Not implemented. The DOC never reimbursed the MVE for its share of the costs. However, the accounting software is no longer shared between the DOC and the MVE.

5. Electronic Data Processing Procedures

- A. The department did not use off-premises storage for its programs and backup data.
- B. The department's EDP System had security features which would allow supervisory review of unsuccessful attempts to log onto the system and to monitor computer operational logs for possible problems. However, the department indicated it did not use or keep these security records.
- C. The DOC had not developed a written formal disaster recovery plan for use in the event a fire or other major disaster were to disable the department's EDP equipment.

Recommendation:

The DOC:

- A. Establish off-premises storage for computer programs and backup data.

- B. Maintain, monitor, and investigate as necessary security records of unsuccessful log-on attempts and computer operations logs.
- C. Develop a formal written disaster recovery plan. Once developed, the plan should be periodically tested and reviewed.

Status:

A&B. Implemented.

C. Not implemented. See MAR No. 8.

6. Transfer of EDP Equipment

Because of centralization and other related changes in the operation of the department's computer processing systems, two computers and software became available and ownership of this equipment was transferred to the MVE.

- A. The transfer of these computers did not appear to have been necessary or reasonable. The DOC Information Systems (IS) Unit would continue to use the computer transferred to the MVE.
- B. The transfer of the computer system to the MVE Data Entry (DE) segment was unjustified at the time of the transfer. The previous system that was in use was still viable and would not have needed replacement for a minimum of three or four years.
- C. The transfer costs of the computer systems was determined by using current costs of new equipment less the cost of planned upgrading. The transfer costs were excessive based on the market rates for the two used computer systems.
- D. The DOC did not appear to have the authority to obtain or retain the value from such a transfer in the form of a credit against future purchases.

Recommendation:

The DOC:

- A. Retain ownership of the MVE IS computer and allocate the costs between the DOC and MVE based on relative usage. The MVE should be reimbursed for the cost of this computer system and upgrades.
- B. Reconsider the transfer of the DE computer system and reimburse the MVE for all costs incurred in the transaction. If the department has no current need for this

system, it should be disposed of in accordance with state surplus property provisions.

- C. In the future establish reasonable pricing for any equipment that is transferred between the two entities.
- D. Deposit any funds received and retained from the computer system transactions to the General Revenue Fund-State as required by state law.

Status:

- A-D. The status of these recommendations were not determined during the current audit.

7. Fixed Assets

- A. Not all fixed assets of the DOC were recorded in the fixed asset records systems.
  - 1) Land, buildings, and capital improvements purchased by the DOC using General Revenue Fund-State, General Revenue Fund-Federal, Third State Building and Third State Building Trust Fund monies were not recorded in the departmentwide system.
  - 2) Items purchased from the ICF for inmates' recreational or religious benefit were not recorded by the department.
- B. The department failed to conduct adequate inventories of the fixed assets at several operating units.
  - 1) The DOC had not conducted physical inventory counts of fixed assets at the central office for nearly five years.
  - 2) The Board of Probation and Parole (BPP) had not conducted an inventory of the BPP fixed assets for approximately ten years.
  - 3) The DOC Central Office did not conduct periodic test counts at the correctional institutions to ensure the accuracy of the fixed asset counts and records.
  - 4) Periodic inventory counts of the ICF fixed assets were conducted by the same personnel who maintained the ICF fixed asset records.
- C. The dispositions of fixed assets were not always properly authorized or recorded.
- D. Fixed asset balances were not adequately reconciled from period to period.

- E. Duplicate fixed asset systems were maintained. The EDP Information Systems Unit maintained a duplicate record of the department's computer equipment, in addition to the departmentwide system used to account for the same equipment. The BPP also maintained a separate fixed asset record.
- F. The departmentwide property additions were not periodically reconciled to property purchases according to the state's expenditure reports.

Recommendation:

The DOC:

- A. Record all fixed assets on the departmentwide or ICF systems, as applicable.
- B. Conduct regular periodic inventories of all fixed assets ensuring that count personnel are independent of the related record keeping functions. In addition, the DOC Central Office should conduct periodic test counts of the inventories located at the institutions.
- C. Require written supervisory approval and timely notification for all fixed asset dispositions.
- D. Ensure that fixed asset records are properly maintained, that canteen fund financial statements accurately reflect those fixed assets, and that balances are properly reconciled from period to period.
- E. Discontinue the maintenance of duplicate fixed asset records and ensure the departmentwide records are accurately maintained for all classes of assets.
- F. Perform periodic reconciliations between the departmentwide property additions and purchases recorded on the state's expenditure reports.

Status:

- A,D,  
&F. Not implemented. However, the DOC is in the process of changing fixed asset records procedures to correspond to the new SAM II accounting system.
- B. Partially implemented. Regular periodic inventories of all fixed assets are performed. These inventories are not performed by personnel independent of the related record keeping functions. Although not repeated in the current report, our recommendation remains as stated above.
- C. Implemented.

- E. Partially implemented. Duplicate fixed asset records are no longer maintained by the BPP. The IS unit continues to maintain a duplicate record of the department's computer equipment. Although not repeated in the current report, our recommendation remains as stated above.

8. Drug Inventories

There had been no complete physical inventory count of the central pharmacy. In addition, periodic test counts of non-controlled substances were not performed.

Recommendation:

That if the department maintains any drug inventory that the department establish adequate perpetual inventory records. Further, periodic inventory counts should be performed and the count results should be reconciled to the perpetual inventory records. Any significant differences should be investigated and reported to management for appropriate corrective action.

Status:

The department no longer maintains drug inventories.

9. Probation and Parole Personnel Time and Attendance

The accrual and usage of compensatory time for the Board of Probation and Parole (BPP) employees working in district offices was not documented and the actual hours worked each day was not reported on the time and attendance report.

Recommendation:

The DOC and BPP take steps to ensure that all BPP employees report the actual hours worked.

Status:

We made no visits to BPP district offices during our current review.

10. Personnel Policy

- A. Twelve employees had accepted additional employment outside of the department without requesting permission in writing from their respective division supervisor prior to accepting the additional employment as required by department policy.
- B. Several individual DOC employees were noted to have accumulated excessive compensatory leave balances.

Recommendation:

The DOC:

- A. Enforce its outside employment policy.
- B. Continue attempts to reduce the current accumulated compensatory leave balances and establish policies and procedures, where possible, to monitor and prevent excessive accrual of compensatory leave.

Status:

- A. The status of this recommendation was not determined during the current audit.
- B. Not implemented. See MAR No. 6.

11. State-Owned Vehicles

- A.1. The DOC did not maintain accurate and complete monthly vehicle travel logs for pool vehicles.
- A.2. The department did not require monthly vehicle travel logs to be maintained on assigned vehicles.
- B. DOC central office employees used personal vehicles for DOC business and had mileage claims even though pool vehicles were available.
- C. A monthly vehicle operation log was maintained for all DOC vehicles. Maintenance or repair costs were rarely reported on these vehicle operation logs.
- D.1. Vehicle usage travel logs at five institutions frequently were not completed as required by DOC policy.
- D.2. The superintendent and assistant superintendent at Western Missouri Correctional Center (WMCC) were not submitting monthly reports of DOC vehicle use to the DOC central office as required.

Recommendation:

- A. The DOC require that complete vehicle logs be kept on all assigned and pool vehicles. The department should monitor these logs to determine the reasonableness of mileage incurred, and ensure that use is for official business purposes.
- B. The DOC monitor and enforce the departmental policy requiring employees to use state vehicles for DOC business, whenever possible. The department needs to

monitor its usage of the vehicles assigned to central office to determine whether all vehicles are needed.

- C. The DOC maintain complete operation logs on all vehicles that indicates miles driven, gasoline purchased, maintenance and repair work performed, and applicable costs. The information from the logs should be summarized in a form that will provide management with accurate, up-to-date vehicle cost information.
- D. The DOC and applicable institution:
  - 1. Ensure that vehicle travel logs are completed for all state vehicles.
  - 2. Ensure that personal use of state vehicles is appropriately reported to the DOC central office personnel unit as required by DOC policy.

Status:

A&C. Not implemented. See MAR No. 7.

B. Implemented.

D. The status of this recommendation will be reviewed as a part of future audits of the applicable institutions.

12. Inmate Canteen Coupon Fund

- A. More coupons were redeemed each year of the audit period than were sold to the inmates.
- B. Moberly Correctional Center (MCC) issued unauthorized free coupons to inmates as incentives and prize awards for participation in certain institutional sponsored recreational programs.
- C. The DOC Treasurer's Office did not maintain perpetual inventory records for the coupon books issued to the various institutional canteens for sale to the inmates, and did not reconcile coupon book sales to the coupon redemptions.

Recommendation:

The DOC investigate the excess coupon redemptions to determine the cause(s), take the necessary steps to correct the problem, and establish adequate internal control procedures to ensure all coupon sales are appropriately recorded and accounted for properly. In addition, the DOC should determine how it will fund any excess liability for outstanding, unredeemed coupons in the event this becomes necessary.



Status:

A&C. Not applicable. The department no longer issues canteen coupon books to inmates in the institutions thus eliminating the applicability of these recommendations.

B. The status of this recommendation will be reviewed as a part of a future audit of the MCC.

13. Inmate Finance Office

A. The Inmate Finance Office (IFO) did not cancel or deface the vendors' invoices after payment.

B. The IFO had accumulated excess unused inmate bus fare reimbursements obtained from the General Revenue-State (GRF-S) totaling \$5,200.

Recommendation:

The DOC IFO:

A. Cancel or deface vendor invoices after payment.

B. Return to the GRF-S all excess bus fare reimbursements currently on hand. In the future, such excess funds should be refunded to the GRF-S on a regular, periodic basis.

Status:

A. Implemented.

B. Implemented. The IFO issued a refund to the GRF-S for \$5,000 on June 27, 2000.

14. Underground Storage Tanks

The DOC's Central Office (CO) had taken no action to ensure that the department's underground storage tanks had been registered with the Department of Natural Resources or were in compliance with the various possible stages of leak detection monitoring required.

Recommendation:

The DOC CO review the status of all the department's fuel storage tanks and ensure compliance with registration and tank leakage detection regulations and procedures.

Status:

Implemented.

15. Departmental Rent Income

The DOC did not monitor the amount received from employees who occupied departmental housing to ensure that all the revenues were collected by the various institutions and forwarded to the DOC Central Office.

Recommendation:

The DOC monitor the monthly payments from departmental rentals to ensure it is appropriately received.

Status:

Implemented.

16. Food Inventories

- A. The food service storekeepers who had custody of food inventory at some of the institutions performed the monthly physical counts of food inventories without assistance from a nonfood service employee who would have provided an independent inventory verification.
- B. Not all institutions investigated or documented the reasons for differences between the perpetual food inventory records and the actual physical counts.
- C. Kitchen personnel at the WMCC did not sign kitchen requisitions to indicate they had received the food supplies requisitioned and delivered by the storekeeper who had custody of the food inventories.
- D. The CMCC kitchen requisitions were prepared by kitchen personnel and were appropriately signed by the food service manager. However, when supplies were not sufficient and additional food items were needed, no additional requisitions were prepared. After each meal, the cooks prepared a new requisition form which indicated the total amount of food actually used for the meal.
- E. Five correctional institutions visited were noted to have excess food stocks on hand.

Recommendation:

The DOC and the applicable institutions:

- A. Segregate the duties of inventory taking from the custody of food inventories. An employee who is not assigned to the Food Service Section should observe the inventory and perform test counts.
- B. Document and investigate as appropriate all significant discrepancies between the physical inventory counts and the perpetual inventory records.
- C. Ensure kitchen requisition food requests are signed by the food service manager and kitchen personnel to indicate all appropriate food items that have been delivered from the food storeroom and received by the kitchen.
- D. Require that all food items removed from storage be supported by an authorized requisition and discontinue the preparation of duplicative summary requisitions.
- E. Order food items based on expected usage to reduce excessive food inventories. The institutions should transfer appropriate excessive stock of food items to the DOC central warehouse for redistributions.

Status:

- A-E. The status of these recommendations will be reviewed as a part of future audits of the applicable institutions.

17. Gasoline Inventories and Procedures

- A.1. The Jefferson City Correctional Center (JCCC) did not always require the submission of daily gasoline reports, allowed incomplete monthly gasoline reports which did not document the pump meter readings, and failed to reconcile and investigate the differences between the daily reports and the monthly summaries.
- A.2. The MCC did not compare the gasoline pumps' cumulative meter readings to the energy consumption report or the monthly vehicle logs.
- A.3. The WMCC did not record the cumulative pump meter readings until June 1992 and employees failed to log or record the fuel pumped into institutional vehicles. Unexplained variances between month end inventories and fuel usage logs as high as 400 gallons in one month were noted.
- B. The JCCC did not measure the amount of gasoline in the tanks before and after vendors' deliveries and had no assurance it received all the gasoline purchased and paid for.

Recommendation:

The DOC and the:

- A.1. JCCC ensure a daily gasoline report is prepared and turned in to the business office each day and that the fuel consumption reports document the pump meter readings and estimated usage from inventory levels. The JCCC business office should also perform a monthly reconciliation between the daily summary sheets and the fuel consumption report and investigate any unresolved differences.
- 2. MCC determine the number of gallons dispensed each month from cumulative meter readings on the pumps. The MCC should compare this usage amount to the monthly energy consumption report and usage recorded on the monthly vehicle logs.
- 3.a. WMCC determine the number of gallons dispensed each month from cumulative meter readings on the pumps and compare this usage amount to the usage recorded on the monthly inventory summaries and usage recorded on the fuel usage logs.
- b. WMCC should ensure that all gasoline usage is recorded in the individual vehicle logs or equipment operating records.
- c. WMCC management should investigate and resolve all significant unexplained differences noted during the reconciliations performed by the business office.
- B. JCCC measure the gasoline in the tanks both before and after each delivery.

Status:

- A-B. The status of these recommendations will be reviewed as a part of future audits of the applicable institutions.

18. Canteen Procedures

- A. Inadequate segregation of duties over inmate canteen inventories was noted at four institutions.
- B. Inadequate segregation of duties over inmate canteen inventories was noted at the MCC.
- C. Four institutions priced numerous canteen products in excess of the maximum markup allowed.
- D. JCCC and MCC did not maintain a property record of all items with a value greater than \$100 or that were at high risk of misappropriation.

Recommendation:

The DOC and the applicable institutions:

- A. Establish the necessary segregation of duties over the canteen's purchases and physical inventories.
- B. Segregate the functions of ordering and receiving goods purchased from the Inmate Canteen Fund as required by DOC policy.
- C. Review the pricing structure of canteen resalable inventories and adjust the selling prices to comply with DOC policy.
- D. Maintain the required property records for the canteen equipment and periodically perform a physical count to ensure that the records properly reflect current property on hand. Management should investigate any discrepancies found.

Status:

- A-D. The status of these recommendations will be reviewed as a part of future audits of the applicable institutions.

19. Inmate Canteen Expenses

The department paid civilian employees' salaries and related fringe benefits from the GRF-S. The Inmate Canteen Fund did not reimburse the GRF-S for these payroll and fringe benefit costs.

Recommendation:

The DOC take steps to place the canteen operations on a self-sustaining basis. Until this is totally accomplished, the department should reimburse the GRF-S for any expenses incurred from the monies available in the ICF.

Status:

Not implemented. Although not repeated in the current report, our recommendation remains as stated above.

SPECIAL REVIEW OF THE  
DEPARTMENT OF CORRECTIONS  
MEDICAL SERVICES CONTRACT  
THREE YEARS ENDED NOVEMBER 30, 1995

1. Medical Financial Arrangements

- A. State employees who worked for the DOC in providing medical care to the inmates prior to the activation of the medical care contract were given the option to retain their status as state employees even though required to work for the medical contractor. The contractor was to provide reimbursement of all salary expenses. However, the department incurred but had not been reimbursed fringe benefit costs of approximately \$1,075,000 through December 31, 1995.
- B. The department paid for a total of \$3,254 of medical related equipment which cost less than \$500 and should have been paid by the medical contractor.

Recommendation:

The department:

- A. Closely review the provision of this medical services contract and pursue, where necessary, reimbursement of \$1,075,000 from the medical contractor on behalf of the state. In addition, the department should require the medical contractor to reimburse the state for the amount of fringe benefits incurred on behalf of medical related employees who continue to work for the department after December 31, 1995.
- B. Request reimbursement from the medical contractor for medical related equipment paid for by the department which cost less than \$500. In addition, the department should ensure that in the future the contract terms are followed.

Status:

- A. Not implemented. The department did not obtain reimbursement from the medical contractor, but did revise subsequent contract provisions to exclude fringe benefits from salary reimbursement requirements. Although not repeated in the current report, our recommendation remains as stated above.
- B. Partially implemented. The department did not request reimbursement of the \$3,254. Subsequent purchases of medical equipment costing less than \$500 were paid for by the medical contractor. Although not repeated in the current report, our recommendation remains as stated above.

2. Medical Contract

- A. An annual independent peer review of services provided under the contract was not obtained on an annual basis as required. Only one peer review had been performed since the contract service date. In addition, the contract did not indicate any objectives which must be achieved during the peer reviews and the department was unable to provide any written objectives.
- B. The department did not review the time records of the medical contractor's employees to determine compliance with the contract terms which required the medical contractor to meet a minimum level of staffing at each correctional facility.
- C. Supporting documentation for completed monitoring forms was not always retained. In addition, the department did not have procedures in place which document when and how often the monitoring questionnaires should be completed at each correctional facility.
- D. The department had not established any procedures which documented when and under what circumstances a formal notice of deficiency should be issued to the medical contractor. Since the contract service date, the department had issued only one formal notice of deficiency to the medical contractor, which was not issued on a timely basis. The medical contractor had developed a corrective action plan in response to deficiencies identified by the monitoring forms, but the department did not always receive and/or approve the action plan.
- E. The department continued to pay vendors for medical services provided to some inmates after the contract service start date of December 1, 1992.

Recommendation:

The department:

- A. Implement procedures to ensure the contract terms are followed in relation to the peer review requirements. In addition, the department should ensure individuals who perform the peer review are independent of both the department and the medical contractor and have a clear understanding of the objectives of the peer review.
- B. Ensure the medical contractor meets its contract terms regarding the minimum level of staffing at each correctional facility.
- C. Ensure all monitoring documentation is retained. Furthermore, the department should implement procedures which document when and how often the monitoring questionnaires should be completed at each correctional facility.

- D. Establish procedures which document when and under what circumstances a formal notice of deficiency should be issued to the medical contractor. In addition, the department should ensure formal notice of deficiencies are issued on a timely basis, and corrective action plans as completed by the medical contractor are received and approved.
- E. Determine if the medical costs directly paid to vendors by the department after December 1, 1992, should have been paid for by the department or the medical contractor. In addition, if it is determined the medical contractor should pay for all medical costs incurred after December 1, 1992, the department should request reimbursement from the medical contractor for the medical costs paid directly to vendors by the department after December 1, 1992.

Status:

- A. Not implemented. The department believed this type of review was unnecessary and changed the new contract to eliminate the requirement. Although not repeated in the current report, our recommendation remains as stated above.
- B. Implemented. The department has developed procedures to monitor the level of staffing to ensure the minimum staffing requirements are met by the medical contractor.
- C. Implemented. The department now conducts annual compliance audits at each facility in place of using the monitoring questionnaire. These compliance audits appear to provide adequate supporting documentation.
- D. Not implemented. See MAR No. 4.
- E. Not implemented. The department believed it was not appropriate to require the contractor to cover the costs of continuing care for pre-existing conditions, and the vendor would not have accepted the liability for those pre-existing conditions. Although not repeated in the current report, our recommendation remains as stated above.

DEPARTMENT OF CORRECTIONS  
MISSOURI VOCATIONAL ENTERPRISES  
WORKING CAPITAL REVOLVING FUND  
THREE YEARS ENDED JUNE 30, 1995

1. Industries' Costing Systems

The cost accounting system used within the Missouri Vocational Enterprises (MVE) did not provide or assemble sufficient data to implement an adequate costing system for all manufactured items. The deficiencies noted in the system were:



- A. The system did not provide sufficient controls to obtain job cost information for direct labor and all overhead costs.
- B. The system did not provide for analysis of cost variance and, consequently, there was no means of monitoring and identifying inefficiencies in the manufacturing process.
- C. Because of A. and B. above, the system did not allocate labor and overhead to work-in-process and finished goods inventories to properly match inventory-related costs to the appropriate period revenues.

Recommendation:

The DOC and MVE proceed on a timely basis to implement a cost accounting system to better accumulate costs by major products of the enterprise segments. The system should include sufficient controls to provide accurate job cost information from all factories and actual accumulated costs for raw materials, direct labor, and overhead. Further, the system should provide for a detailed analysis of cost variances.

Status:

Partially implemented. The department and MVE did implement a cost accounting system for some enterprise segments. This cost accounting system has not been implemented for all enterprise segments. See MAR No. 1.

2. Receipt Procedures

- A. Some receipts were not recorded on the mail log and the log was not reconciled to revenue transmittals.
- B. Receipts were not transmitted to the Department of Revenue (DOR) for deposit intact and on a timely basis.
- C. Several instances were noted where MVE personnel indicated checks were received but were returned to the customer uncashed.
- D.1. The DOC internal audit section did not reconcile the receipts recorded on the mail log with the receipts recorded on the validated revenue transmittals on a timely basis.
- D.2. The DOC internal audit section reconciliations noted receipts recorded on the DOC mail log totaling \$13,979 which were apparently not transmitted to the DOR for deposit.

- D.3. The DOC internal audit section reconciliations noted \$727 in receipts due the Working Capital Revolving Fund (WCRF) which were mistakenly credited to the General Revenue-State in June 1994.
- E. We noted seven receipt entries totaling \$2,911 recorded on the MVE general ledger in July 1994 which were apparently not transmitted to the DOR for deposit.

Recommendation:

- A. The DOC record all receipts on the mail log as the mail is opened and this log should be reconciled to transmittals.
- B&C. The MVE transmit all receipts to the DOR, intact and on a timely basis.
- D.1. The DOC internal audit section reconcile the receipts recorded on the mail log with the receipts recorded on the validated revenue transmittals more timely, such as quarterly.
- D.2. The DOC and the MVE take immediate action to determine the proper resolution of the \$13,979 in receipts which were apparently not transmitted to the DOR for deposit.
- D.3. The MVE implement procedures to ensure all monies due the MVE are properly credited to the WCRF.
- E. The DOC and the MVE take immediate action to determine the proper resolution of the \$2,911 in receipts which were apparently not transmitted to the DOR for deposit.

Status:

- A,C,  
D.1. Implemented.
- B. Not implemented. See MAR No. 1.
- D.2,  
3&E. The status of these recommendations were not determined during the current audit. The department indicated they were unable to locate related records because of the passage of time. No similar instances were noted during our current review.

3. Accounts Receivable Procedures

- A. No statements of delinquent accounts were sent out by the MVE between November 1, 1993 and October 31, 1994. In addition, since October 31, 1994,

statements of delinquent accounts were only sent out in April 1995, and in May 1995.

- B. A significant dollar amount of accounts receivable were erroneously recorded on the June 30, 1995, and 1994, detailed subsidiary accounts receivable listing. These errors caused significant apparent over statements of accounts receivable.
- C. The MVE did not always maintain adequate documentation when merchandise was returned from its customers.

Recommendation:

The MVE:

- A. Implement and maintain procedures to ensure statement of delinquent accounts are sent out on a more frequent basis, such as monthly. In addition, the MVE needs to implement procedures to aggressively pursue the collection of amounts owed to them from its customers on a timely basis.
- B. Implement and maintain procedures to reconcile receipt and sales information with accounts receivable records. Any differences should be investigated and resolved properly.
- C. Implement procedures to ensure that adequate documentation is retained for all merchandise returned by the customer to the MVE for credit.

Status:

A&C. Implemented.

- B. Not implemented. MVE has not implemented procedures to reconcile receipt and sales information with subsidiary accounts receivable records. Although not repeated in the current report, our recommendation remains as stated above.

4. Inventory Records and Procedures

- A. Perpetual inventory records were not kept by the MVE for several months in fiscal year 1995.
- B. The MVE raw material inventory additions were not reconciled to either the raw material inventory purchases per the Statewide Accounting of Missouri (SAM) expenditure reports or the department's internal expenditure reports.
- C. MVE accounting personnel used negative unit prices, and in other cases negative quantities were used to determine the value of inventory on hand. In addition,

material quantity differences between the perpetual inventory records and the physical inventory counts were not always investigated.

Recommendation:

The MVE:

- A. Continuously maintain the perpetual inventory records for all inventory items.
- B. Implement and maintain procedures to ensure the raw material inventory purchases recorded on the raw material inventory addition reports agree with similar information recorded on the various expenditure reports.
- C. Determine the propriety of negative unit prices and negative quantity amounts as recorded on the perpetual inventory records. In addition, the MVE should ensure significant differences between the perpetual inventory records and the physical counts are investigated for propriety on a timely basis.

Status:

- A. Implemented.
- B. Not implemented. MVE did not reconcile inventory addition reports and state expenditure reports. Although not repeated in the current report, our recommendation remains as stated above.
- C. Implemented. No similar instances were noted during our current audit.

5. Bidding Concerns

Some instances were noted where bids received did not appear to be competitive.

Recommendation:

The MVE implement procedures to ensure state law is followed in regards to purchases made by the MCC.

Status:

Implemented.

6. Contract with Private Entity for Employment of Inmates

- A. The MVE did not enter into a written agreement regarding changes in the compensation for services provided under the contract.

- B. The estimated fixed costs determined by the MVE did not include utility costs and a charge for the rental of the space used in production.
- C. The amount billed by the MVE to the private company did not include certain payroll taxes paid by the department on behalf of the inmate workers.

Recommendation:

The MVE ensure all agreements and subsequent amendments with the private company are in writing. In addition, the MVE should revise its billing structure to ensure the amount of reimbursement received from the private company is at least equal to all costs incurred to provide this service.

Status:

MVE did not have any agreements with private companies during the current audit period.

7. Factories Review

- A. Factory managers were unable to analyze long-term trends in the production process.

Quality control records did not document the number, causes, or cost of quality control failures.

Studies had not been performed to determine the optimum batch sizes and production flows.

Records were not maintained of the quantity of scrap and rework.

Factory managers and supervisors did not appear to have a clear understanding of their role in regard to safety procedures.

- B. Overhead charged to each factory was not allocated on a reasonable basis.

Recommendation:

The MVE:

- A. Develop historical production records. These historical production records should then be used to analyze long-term trends in the production process. In addition, these production records should be used to develop production goals and quotas.

Maintain quality control records for the factories which document the number, causes, and cost of quality control failures.

Consider performing studies to determine the optimum batch sizes and production flows for factories.

Require factories to maintain documentation of the quantity of scrap and rework.

Enforce the departmental safety policies.

- B. Ensure overhead charged to each factory is allocated on a reasonable basis.

Status:

A&B. Not implemented. See related MAR No. 1.

8. General Fixed Asset Records and Procedures

- A. The MVE fixed asset additions were not reconciled to either the fixed asset purchases per the SAM expenditure reports or the department's internal expenditure reports.
- B. The MVE did not perform a physical inventory of fixed assets between April 1992 and March 1995.
- C. The MVE general fixed asset records were not maintained on a current basis and the following types of deficiencies were noted:
  - 1) Fixed assets observed were not recorded on the general fixed asset records.
  - 2) Fixed assets recorded on the general fixed asset records could not be located.
  - 3) Fixed assets were not tagged, even though the general fixed asset records indicated the fixed assets were tagged.
  - 4) The tag numbers recorded on the general fixed asset records did not agree to the actual tag number attached to the fixed assets.
  - 5) The physical location of the fixed assets recorded on the general fixed asset records did not agree to the actual physical location of the fixed assets.
- D. The MVE did not monitor or keep track of fixed assets which were disposed through state surplus property.

Recommendation:

The MVE:

- A. Perform and maintain periodic reconciliations between the fixed asset additions reports and the various expenditure reports.
- B. Conduct, on at least an annual basis, a physical inventory of fixed assets. The MVE should also ensure that the individual who performs the physical inventory verification is independent of the custody and record keeping responsibilities.
- C. Ensure the general fixed asset records are maintained on a current basis with the following information for each item:
  - 1) Identification number;
  - 2) Description of the item to include name, make, model, and serial number where appropriate;
  - 3) Physical location in sufficient detail to readily locate the item;
  - 4) Date of acquisition;
  - 5) Acquisition cost; and
  - 6) Date and method of disposition.
- D. Routinely monitor fixed assets disposed through state surplus property to ensure proper credit is received for all fixed assets sold.

Status:

A&D. Not implemented. Although not repeated in the current report, our recommendation remains as stated above.

B&C. Implemented.

## STATISTICAL SECTION



## History, Organization, and Statistical Information

## DEPARTMENT OF CORRECTIONS HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Missouri Division of Corrections and the Board of Probation and Parole were transferred to the Department of Social Services on July 1, 1974, following passage of the Omnibus State Reorganization Act of 1974. Effective September 28, 1981, the Missouri Department of Corrections and Human Resources was established as a cabinet-level department of state government as a result of legislation approved by the Eighty-First General Assembly and signed by the Governor.

Governor Mel Carnahan appointed Dr. Dora Schriro, Director of the Department of Corrections (DOC) on January 14, 1993. Prior to Dr. Schriro's appointment, Dick D. Moore had served as Director of the department since April 10, 1986.

With the revision made to Chapter 217, which became effective August 28, 1989, the Department of Corrections and Human Resources was renamed to the Department of Corrections. The department has the responsibility of supervising and managing all correctional institutions and probation and parole services. The department is composed of the Office of the Director and four divisions: Adult Institutions, Human Services, Offender Rehabilitative Services and the Board of Probation and Parole. The department employed approximately 10,000 employees as of January 2000. The functions of the divisions are:

The Office of the Director is responsible for shaping legislation and formulating policy and procedures to guide and implement public safety objectives and goals.

The Office of the Director oversees the management of the four divisions as well as the following specialized areas: General Counsel; Budget and Planning; Research and Evaluation; Information Technology; Public Information; General Services and Fiscal Management; Legislative Liaison; Constituent Services, Inspector General, Restorative Justice/Victim Services, Caring Communities, and Multicultural Concerns.

The Division of Human Services provides coordinated services to the department by supervising the following activities: Employee Development and Training; Employee Health, Wellness and Safety; Human Resource Management; Religious/Spiritual Programming; and Volunteer Services.

The Division of Adult Institutions (DAI) is responsible for the management of the state's correctional centers and the care, custody and control of incarcerated offenders. The division houses incarcerated inmates securely and humanely while providing programs and treatment that effectively manages the offender's risk to re-offend.

The Division of Offender Rehabilitative Services is responsible for the following programs: medical services, mental health services, educational and vocational training programs, the Missouri Sexual Offender Treatment Program, and the substance abuse treatment centers at Farmington, Potosi (Mineral Area), Boonville, St. Joseph and Fulton, Missouri. This

division is also responsible for the supervision and operation of the Missouri Vocational Enterprises.

The Division of Probation and Parole assesses and supervises criminal offenders assigned to the division by the Circuit Courts of Missouri and under the terms of the Interstate Compact. Affiliated with the Division of Probation and Parole is the State Probation and Parole Board. The Parole Board determines the eligibility and conditions for the release of inmates confined in the Division of Adult Institutions and oversees the supervision of probationers as directed by the courts. As of June 30, 1999, there were 1,803 staff serving in the Division of Probation and Parole, making it the second largest division in the Department. The Probation and Parole Board is comprised of seven full-time members appointed by the Governor, subject to the advice and consent of the Senate. Board members also investigate and report to the Governor on all applications for pardons, commutations of sentence, reprieves or restorations of citizenship.

### DIVISION OF ADULT INSTITUTIONS

The nineteen correctional institutions located throughout the state are:

The Algoa Correctional Center (ACC) is a medium security institution constructed in 1932. The institution is located eight miles east of Jefferson City on a bluff overlooking the Missouri River.

The Boonville Correctional Center (BCC) was opened in July 1983 through a transfer from the Department of Social Services, Division of Youth Services. The facility is a medium security institution for the first time offenders between the ages of 17 and 25.

The Central Missouri Correctional Center (CMCC) is a minimum to medium security institution. Originally constructed in 1938 as a satellite to the Missouri State Penitentiary, CMCC became an independent institution within the Department of Corrections on July 1, 1974. The institution is located ten miles northwest of Jefferson City in Cole County along the Missouri River.

The Chillicothe Correctional Center (CCC), which opened in October 1981, was transferred from the Department of Social Services, Division of Youth Services. The CCC is a minimum to medium security institution housing only female offenders.

The Crossroads Correctional Center (CRCC), is a maximum security facility, which opened in February 1997 in Clinton-DeKalb Counties. CRCC is the first facility in Missouri to be equipped with a lethal perimeter fence.

The Farmington Correctional Center (FCC) opened in December 1986 and was transferred from the Department of Mental Health. It is located on the grounds of the

Farmington State Hospital in the city of Farmington, Missouri. The facility is a medium security institution.

The Fulton Reception and Diagnostic Center (FRDC), located in Fulton, Missouri was opened in 1987 and serves as a reception and diagnostic center, which accepts offenders from the central and eastern areas of the state. After processing, offenders are assigned to an appropriate security level facility.

The Jefferson City Correctional Center (JCCC) is a maximum security institution located in Jefferson City and was formerly known as the Missouri State Penitentiary. The penitentiary was authorized by the legislature in 1832 and opened in 1836. It is located on a multi-level 47-acre site overlooking the Missouri River.

The Moberly Correctional Center (MCC) is a medium security institution, which began operation in January 1963. The institution is located five miles south of Moberly in Randolph County.

The Missouri Eastern Correctional Center (MECC) is a medium security institution opened in August 1981. The institution is located near Pacific in St. Louis County.

The Maryville Treatment Center (MTC) opened in 1996. It is a minimum security institution located 45 miles north of St. Joseph, Missouri, in Buchanan County on a site that was formerly a Catholic convent.

The Northeast Correction Center (NECC) is a medium security facility located at Bowling Green in Pike County. The facility began operations in 1998. NECC also is the site of the department's male juvenile unit for housing offenders under 17 years of age.

The Ozark Correctional Center (OCC) is a minimum security institution established in 1961 on a site originally constructed as an Air Force radar base. The institution is located 25 miles southeast of Springfield in Webster County. The OCC also supervises Camp Hawthorn, a minimum security, and work-release camp at the Lake of the Ozarks.

The Potosi Correctional Center (PCC) at Potosi, Missouri, is a maximum security institution opened in January 1989. This facility is the first lease-purchase facility in the history of the state. The private sector built the facility in accordance with strict specification and provides a lease-purchase arrangement for use of the facility by the state.

The South Central Correctional Center (SCCC) is a maximum security facility scheduled for opening in June 2000. It is located 35 miles south of Rolla in Texas County.

The Tipton Correctional Center (TCC) is a minimum security institution. TCC was placed under the administration of the Missouri Department of Corrections in 1960 and served as the state prison for women. The facility was converted into the state correctional pre-release center for men in 1976. TCC currently houses 1,088 male offenders.

The Western Reception Diagnostic and Correctional Center (WRDCC) is a reception and diagnostic center located in St. Joseph, Missouri that accepts offenders from the western areas of the state. WRDCC was constructed on property transferred from the Department of Mental Health.

The Women's Eastern Reception Diagnostic and Correctional Center (WERDCC) is located in Vandalia, Missouri, in Audrain County. WERDCC houses minimum through maximum security female offenders. The facility opened in 1998.

The Western Missouri Correctional Center (WMCC) is a medium to minimum security institution opened in January 1989. It is located near Cameron, Missouri in DeKalb County.

#### BOARD OF PROBATION AND PAROLE

The Board of Probation and Parole consists of seven full-time members appointed by the Governor, with the advice and consent of the Senate. Terms of members are for six years on a staggered basis. The chairman is appointed by the Governor and is the chief administrative officer of the board in charge of the board's operations, funds and expenditures.

As of June 30, 2000, members of the Board of Probation and Parole were:

		<u>Term Expires</u>
Dennis Agniel	Chairman	December 2005
Jan Carter	Member	August 2002
Fannie Gaw	Member	April 2006
Richard Lee	Member	April 2003
Jim Mitchell	Member	August 2000
Cranston Mitchell	Member	April 2002
Darrel Ashlock	Member	April 2004

#### DIVISION OF OFFENDER REHABILITATIVE SERVICES

The Division of Offender Rehabilitative Services was originally organized pursuant to Executive Order as the Division of Classification and Treatment in May 1985. Upon appointment of the Division Director, staff from the Division of Adult Institutions and the Office of the Director was assigned to oversee health services, the Missouri Sex Offender Program and Education Services throughout the department. This marked the beginning of centralized management of these specialized areas of service. The Division of Classification and Treatment also included the

Diagnostic and Reception Center operation at the Missouri State Penitentiary as well as the Central Transfer Authority, Recreation and Planning, and Research and Evaluation. Each of these six areas was under the authority of a section head.

The division was responsible for the evaluation and classification of all offenders for assignment to an appropriate facility based upon the department's classification system. The division was also responsible for internal transfer of inmates between institutions and for the development and implementation of professional sex offender treatment, healthcare, educational and recreational programs within the department's facilities.

The division reorganized in 1987 into five administrative sections: Missouri Sexual Offender Program (MoSOP), departmental hospital, healthcare services, inmate education and psychological services. In February 1987, the department opened the doors to its first facility designed especially for reception, diagnostic and classification functions at Fulton. Since opening, the Fulton Reception and Diagnostic Center (FRDC) has processed approximately 137,422 incoming offenders. Until 1990, FRDC served both male and female offenders. In 1986-1987, the division established cooperative agreements with the Department of Mental Health (DMH). This led to the opening of inpatient mental health units for offenders at the Biggs Corrections Treatment Unit, in the Fulton State Hospital, and the Corrections Treatment Unit operated in the Farmington Correctional Center by staff from the Farmington State Hospital. These programs remain in place today having served hundreds of acutely and chronically mentally ill offenders. The DOC/DMH partnership expanded to include a 200-bed (step down) Social Rehabilitation Unit at the Farmington Correctional Center in 1988 and a 46-bed Special Needs Unit for high custody chronically mentally ill and/or mentally challenged offenders at the Potosi Correctional Center.

By 1989, the division consisted of the Fulton Reception and Diagnostic Center and four administrative sections: MoSOP; inmate education; psychological services and healthcare services. The designated "hospital" at the Jefferson City Correctional Center was reorganized as the division began establishing 24-hour infirmaries for the more seriously ill inmates at multiple facilities.

It was during this time that the division established contracts with community hospitals throughout the state. In 1990-1991, the division upgraded the management of healthcare services by establishing utilization review procedure and hiring licensed healthcare professionals at all management levels. Due to chronic staff vacancies, sharp increases in population and spiraling healthcare costs, the division contracted all medical care to a private company. The division continues to self-operate mental health services (MoSOP, psychology, and psychiatry).

In 1993, the division became known as the Division of Offender Rehabilitative Services and was responsible for education, vocational programs, mental health, substance abuse and medical services. In 1999, the mental health and substance abuse sections were administratively consolidated under a single Assistant Director.

In 1990, Missouri Correctional Enterprises was transferred from the Division of Administration to the Division of Offender Rehabilitative Service and Academic Education and Vocational Education were transferred to the Division of Adult Institutions. In 1995, the libraries remained under the

Division of Adult Institutions, however Academic Education returned to the Division of Offender Rehabilitative Services and Vocational Education and Vocational Enterprises were consolidated under one section.

	Design Capacity*	Inmate Population				
		December 31,				
		1999	1998	1997	1996	1995
Algoa Correctional Center	1,565	1,555	1,634	1,731	1,548	1,602
Boonville Correctional Center	1,686	1,606	1,547	1,643	1,403	1,318
Central Missouri Correctional Center	1,000	995	987	749	717	650
Chillicothe Correctional Center	525	462	415	696	668	568
Crossroads Correctional Center	1,500	1,478	1,446	1,476	0	0
Farmington Correctional Center	2,660	2,544	2,683	2,843	2,877	2,660
Fulton Reception and Diagnostic Center	1,514	1,876	1,895	1,862	1,867	1,176
Jefferson City Correctional Center	1,992	1,889	1,790	2,239	2,037	1,978
Kansas City Community Release Center	300	237	231	223	206	254
Maryville Treatment Center	525	524	522	316	160	0
Missouri Eastern Correctional Center	1,100	1,100	1,093	1,288	1,084	1,064
Moberly Correctional Center	1,800	1,798	1,655	1,799	1,799	1,750
Northeast Correctional Center	1,975	1,702	1,592	0	0	0
Ozark Correctional Center	695	688	688	695	683	681
Park Building Treatment Center	0	0	0	614	472	399
Potosi Correctional Center	820	814	803	817	812	751
Mineral Area Treatment Center **	100	84	63	90	84	90
Renz Correctional Center	0	0	0	217	226	334
St. Louis Community Release Center	500	472	474	467	388	274
Tipton Correctional Center	1,088	1,142	1,072	1,215	1,078	266
Western Missouri Correctional Center	2,619	2,302	2,308	2,617	2,609	2,619
Western Reception and Diagnostic Correctional Center	1,706	1,602	745	0	0	0
Women's Eastern Reception and Diagnostic Correctional Center	1,460	1,404	1,335	0	0	0
Texas Cell Lease	0	0	0	55	911	270
Total Custody.	27,130	26,274	24,978	23,652	21,629	18,704

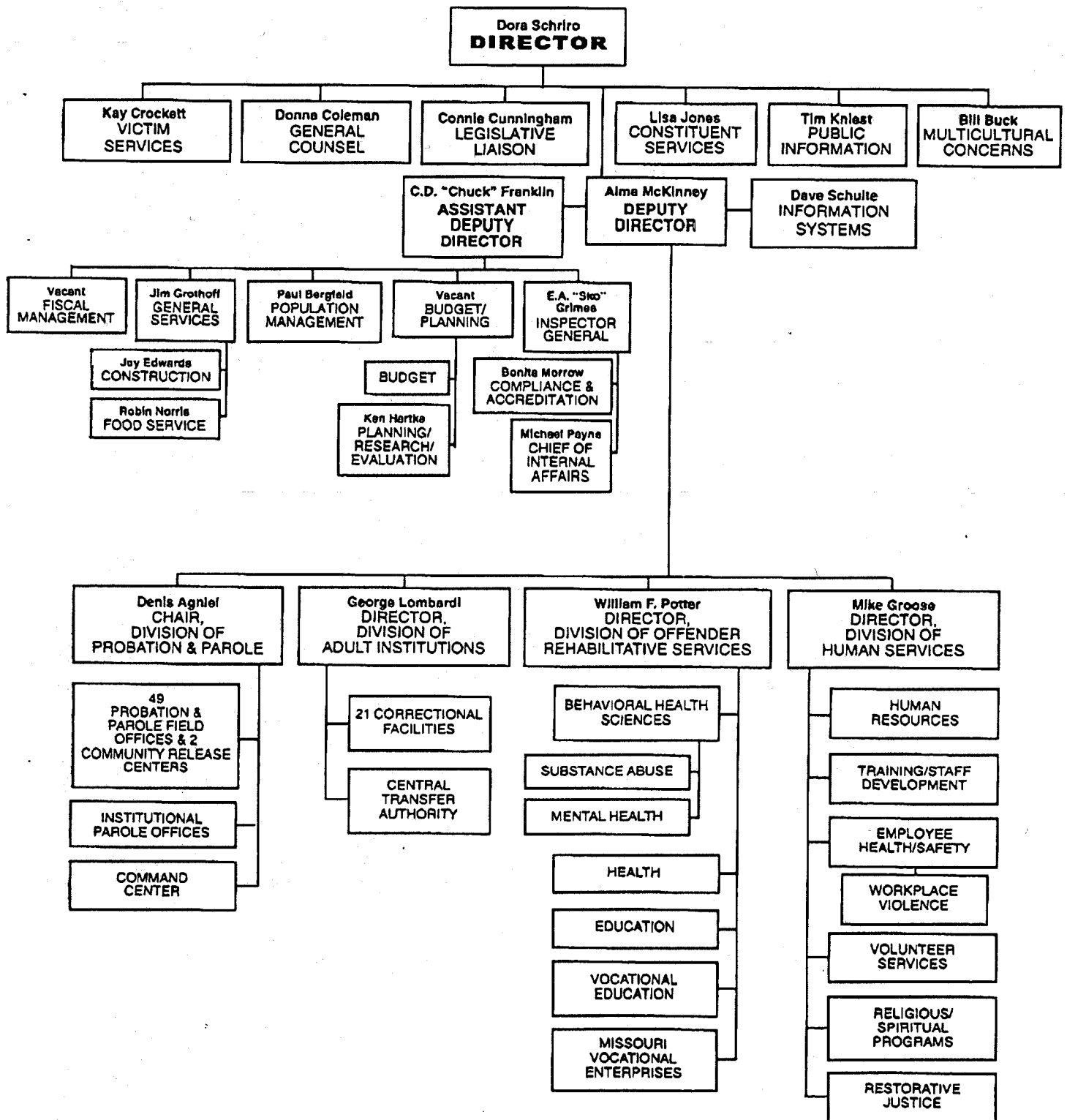
\* Adjusted capacity as of December 31, 1999

\*\* The Mineral Area Treatment Center is located on the grounds of the Potosi Correctional Center.



# MISSOURI DEPARTMENT OF CORRECTIONS

## OFFICE OF THE DIRECTOR



Appendix A

DEPARTMENT OF CORRECTIONS  
COMPARATIVE STATEMENT OF RECEIPTS

	Year Ended June 30,									
	1999					1998				
	Department of Corrections - Federal	Working Capital Revolving Fund	Inmate Revolving Fund	Inmate Incarceration Reimbursement Revolving Fund	Total (Memorandum Only)	Department of Corrections - Federal	Working Capital Revolving Fund	Inmate Revolving Fund	Inmate Incarceration Reimbursement Revolving Fund	Total (Memorandum Only)
Federal receipts	7,064,907	0	0	0	7,064,907	8,821,757	0	0	0	8,821,757
Working Capital										
Revolving Fund Sales	0	28,745,706	0	0	28,745,706	0	37,096,271	0	0	37,096,271
Inmate housing receipts	0	0	2,599,849	40,262	2,640,111	0	0	220,516	55,129	275,645
Miscellaneous receipts	0	113,270	884,730	0	998,000	0	115,536	3,247,478	0	3,363,014
Total	<u>7,064,907</u>	<u>28,858,976</u>	<u>3,484,579</u>	<u>40,262</u>	<u>39,448,724</u>	<u>8,821,757</u>	<u>37,211,807</u>	<u>3,467,994</u>	<u>55,129</u>	<u>49,556,687</u>

## Appendix B

DEPARTMENT OF CORRECTIONS  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	1999			1998		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE						
Operational maintenance and repairs for state owned facilities - Expense and Equipment	\$ 1,251,500	1,247,817	3,683	1,251,500	1,230,864	20,636
Salaries, over time, uniform costs and other related costs of security staff department-wide - Expense and Equipment	0	0	0	334,602	204,895	129,707
Major equipment purchases - purchase of vehicles for inmate transport	450,000	436,500	13,500	500,000	460,280	39,720
General Services - Personal Service	1,747,158	1,704,264	42,894	1,777,811	1,740,716	37,095
General Services - Expense and Equipment	477,220	462,903	14,317	495,138	480,143	14,995
Overtime pay at all correctional facilities - Personal Service	1,908,727	388	1,908,339	1,889,829	1,788,332	101,497
Public School Retirement Contributions	1,811	0	1,811	1,793	0	1,793
Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment	231,200	133,856	97,344	231,200	163,997	67,203
Data processing and information systems costs department-wide - Personal Service and/ or Expense and Equipment	332,374	295,948	36,426	332,374	322,403	9,971
Costs associated with increased inmate population department-wide, including, but not limited to funding for personal services, expense and equipment, contractual services, repairs, renovations, capital improvements and the Northeast Correctional Center	5,000,000	4,955,828	44,172	22,115,851	16,452,349	5,663,502
Costs associated with increased inmate population department-wide, including, but not limited to funding for personal services, expense and equipment, contractual services, repairs, renovations, capital improvements and the Maryville Treatment Center	0	0	0	2,053,145	1,963,696	89,449
Costs associated with increased inmate population department-wide, including, but not limited to funding for personal services, expense and equipment, contractual services, repairs, renovations, capital improvements and the Women's Eastern Reception and Diagnostic Correctional Center	0	0	0	13,067,639	12,674,242	393,397

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DEPARTMENT OF CORRECTIONS  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	1999			1998		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
Costs associated with increased inmate population department-wide, including, but not limited to funding for personal services, expense and equipment, contractual services, repairs, renovations, capital improvements and the Western Reception and Diagnostic Correctional Center	0	0	0	11,888,063	11,499,319	388,744
Costs associated with increased inmate population department-wide, including, but not limited to funding for personal services, expense and equipment, contractual services, repairs, renovations, capital improvements and the JOBS programs at the Crossroads Correctional Center	0	0	0	2,898,453	2,569,688	328,765
Costs associated with increased inmate population department-wide, including, but not limited to funding for personal services, expense and equipment, contractual services, repairs, renovations, capital improvements and Cell Leasing	2,500,000	2,444,819	55,181	9,591,336	6,758,777	2,832,559
Costs associated with increased inmate population department-wide, including, but not limited to funding for personal services, expense and equipment, contractual services, repairs, renovations, capital improvements and tents at the Fulton Reception and Diagnostic Center	0	0	0	965,454	919,252	46,202
Costs associated with increased inmate population department-wide, including, but not limited to funding for personal services, expense and equipment, contractual services, repairs, renovations, capital improvements and the Tipton Correctional Center for women's housing	0	0	0	1,027,602	978,899	48,703
Costs associated with increased inmate population department-wide, including, but not limited to funding for personal services, expense and equipment, contractual services, repairs, renovations, capital improvements and the Kansas City Community Release Center	0	0	0	2,992,457	2,682,393	310,064

## Appendix B

DEPARTMENT OF CORRECTIONS  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	1999			1998		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
Costs associated with increased inmate population department-wide, including, but not limited to funding for personal services, expense and equipment, contractual services, repairs, renovations, capital improvements	0	0	0	100	0	100
Costs associated with increased inmate population department-wide, including, but not limited to funding for personal services, expense and equipment, contractual services, repairs, renovations, capital improvements	0	0	0	2,769,382	2,434,948	334,434
Costs associated with increased inmate population department-wide - Expense and Equipment	663,462	663,459	3	5,000,000	4,336,538	663,462
Fuel and utilities department-wide - Expense and Equipment	9,829,998	9,498,415	331,583	9,347,448	9,067,025	280,423
Purchase, transportation and storage of food and food service items at all correctional institutions - Expense and Equipment	21,162,380	20,309,784	852,596	20,237,684	18,840,532	1,397,152
Costs associated with increased inmate population department wide, including, but not limited to funding for personal services, expense and equipment, contractual services, repairs, renovations, and capital improvements.	56,142,039	27,584,153	28,557,886	0	0	0
Costs associated with increased inmate population department wide, including, but not limited to funding for personal services, expense and equipment, contractual services, repairs, renovations, and capital improvements.	100	0	100	0	0	0
Personal Service	1,122,182	1,010,233	111,949	1,007,494	957,429	50,065
Expense and Equipment	96,095	93,206	2,889	722,695	682,345	40,350
Inmate wage and discharge costs at all correctional facilities - Expense and Equipment	3,301,200	3,202,164	99,036	3,091,221	2,998,484	92,737
Telecommunications department-wide - Expense and Equipment	2,390,397	2,318,680	71,717	2,255,397	2,187,735	67,662
Salaries, over time, uniform costs and other related costs of security staff department-wide - Personal Service	75,222,483	72,035,402	3,187,081	65,875,531	61,700,821	4,174,710
Data processing and information systems costs department-wide - Personal Service	742,418	720,145	22,273	705,047	673,494	31,553
Data processing and information systems costs department-wide - Expense and Equipment	1,867,167	1,811,047	56,120	1,870,367	1,738,746	131,621

## Appendix B

DEPARTMENT OF CORRECTIONS  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	1999			1998		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
Expenses and small equipment purchases at any of the adult institutions department-wide - Expense and Equipment	16,375,000	15,882,775	492,225	14,833,438	14,387,911	445,527
Personal Service	2,729,627	2,578,555	151,072	2,427,420	2,237,943	189,477
Expense and Equipment	142,859	136,075	6,784	125,151	103,262	21,889
Employee health and safety - Expense and Equipment	733,710	706,346	27,364	733,710	697,115	36,595
Training costs department-wide - Expense and Equipment	1,301,201	1,185,050	116,151	1,114,763	1,001,839	112,924
Inmate jobs department-wide, including, inmate employment, both institutional and industrial; drug and alcohol treatment; and education, both academic and vocational - Personal Service	7,738,602	7,566,522	172,080	7,268,271	7,265,994	2,277
Inmate jobs department-wide, including, inmate employment, both institutional and industrial; drug and alcohol treatment; and education, both academic and vocational - Expense and Equipment	1,696,865	1,424,355	272,510	164,308	155,819	8,489
Inmate jobs department-wide, including, inmate employment, both institutional and industrial; drug and alcohol treatment; and education, both academic and vocational - Personal Service and/or Expense and Equipment	6,019,321	5,649,640	369,681	6,019,321	5,230,984	788,337
Inmate health care both physical and mental department-wide, including, but not limited to personal service, medical expense and equipment, hospital services and contractual services; and the Missouri Sexual Offender Program - Personal Service	709,766	544,006	165,760	0	0	0
Central Office - Personal Service	1,945,488	1,755,490	189,998	1,626,341	1,619,025	7,316
Central Office - Expense and Equipment	2,032,968	1,712,230	320,738	2,011,824	1,678,536	333,288
Inmate health care both physical and mental department-wide, including, but not limited to personal service, medical expense and equipment, hospital services and contractual services; and the Missouri Sexual Offender Program - Personal Service and/or Expense and Equipment	4,090,383	2,418,146	1,672,237	2,255,098	2,255,098	0

## Appendix B

DEPARTMENT OF CORRECTIONS  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	1999			1998		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
Inmate health care both physical and mental department-wide, including, but not limited to personal service, medical expense and equipment, hospital services and contractual services; and the Missouri Sexual Offender Program - Expense and Equipment	46,630,143	44,264,077	2,366,066	42,250,778	39,834,027	2,416,751
Total General Revenue Fund - State	278,585,844	236,752,278	41,833,566	267,127,036	244,975,895	22,151,141
DEPARTMENT OF CORRECTIONS - FEDERAL FUND						
Costs associated with increased inmate population department-wide - Expense and Equipment	30,245	0	30,245	41,709	11,464	30,245
Costs associated with increased inmate population department-wide, including, but not limited to funding for personal services, expense and equipment, contractual services, repairs, renovations, capital improvements	0	0	0	1,809,359	800,437	1,008,922
Purchase, transportation and storage of food and food service items at all correctional institutions - Expense and Equipment	450,000	441,732	8,268	300,000	297,244	2,756
Costs associated with increased inmate population department-wide, including, but not limited to funding for personal services, expense and equipment, contractual services, repairs, renovations, and capital improvements	1,778,201	782,149	996,052	0	0	0
All grants and contributions of funds from the federal government or from any other source which may be deposited in the State Treasury for the use of the Department of Corrections - Expense and Equipment	20,000	13,196	6,804	0	0	0
Drug related, educational, health or treatment programs, research, staff training, and/or special projects - Personal Service	1,702,559	945,693	756,866	1,000,000	984,186	15,814
Drug related, educational, health or treatment programs, research, staff training, and/or special projects - Expense and Equipment	1,611,734	342,162	1,269,572	858,376	733,890	124,486
Central Office - Expense and Equipment	400,000	400,000	0	400,000	350,567	49,433
Total Department of Corrections - Federal Fund	5,992,739	2,924,932	3,067,807	4,409,444	3,177,788	1,231,656
WORKING CAPITAL REVOLVING FUND						
General Services - Personal Service	63,745	63,745	0	60,690	59,744	946

## Appendix B

DEPARTMENT OF CORRECTIONS  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	1999			1998		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
Costs associated with increased inmate population department-wide, including, but not limited to funding for personal services, expense and equipment, contractual services, repairs, renovations, capital improvements	0	0	0	8,400,001	3,716,032	4,683,969
Fuel and utilities department-wide - Expense and Equipment	358,000	220,291	137,709	358,000	168,189	189,811
Costs associated with increased inmate population department-wide, including, but not limited to funding for personal services, expense and equipment, contractual services, repairs, renovations, and capital improvements	123,774	38,037	85,737	0	0	0
Telecommunications department-wide - Expense and Equipment	256,400	137,678	118,722	256,400	72,046	184,354
Salaries, over time, uniform costs and other related costs of security staff department-wide - Personal Service	412,193	355,423	56,770	393,165	337,304	55,861
Salaries, over time, uniform costs and other related costs of security staff department-wide - Expense and Equipment	0	0	0	3,825	0	3,825
Missouri Vocational Enterprises - Expense and Equipment	27,257,918	22,805,313	4,452,605	24,886,284	23,852,061	1,034,223
Missouri Vocational Enterprises - Personal Service	6,083,012	5,237,592	845,420	5,786,396	4,885,743	900,653
Private Sector / Prison Industry Enhancement Program including, but not limited to personal service, equipment, expenses, and contractual services	962,762	0	962,762	962,762	158,478	804,284
Missouri Correctional Enterprises - Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment	173,585	165,282	8,303	173,585	131,502	42,083
Total Working Capital Revolving Fund	35,691,389	29,023,361	6,668,028	41,281,108	33,381,099	7,900,009
INMATE REVOLVING FUND						
Inmate Fund Programs - Personal Service	660,644	620,891	39,753	631,873	613,818	18,055
Inmate Fund Programs - Expense and Equipment	126,097	0	126,097	126,097	287	125,810
Salaries, over time, uniform costs and other related costs of security staff department-wide - Personal Service	141,501	141,501	0	134,825	133,058	1,767



Appendix B

DEPARTMENT OF CORRECTIONS  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	1999			1998		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
Salaries, over time, uniform costs and other related costs of security staff department-wide - Expense and Equipment	0	0	0	1,350	0	1,350
Total Inmate Revolving Fund	928,242	762,392	165,850	894,145	747,163	146,982
CRIME VICTIMS' COMPENSATION FUND						
Expense and Equipment	82,500	0	82,500	82,500	82	82,418
Total Crime Victims' Compensation Fund	82,500	0	82,500	82,500	82	82,418
Total All Funds	\$ 321,280,714	269,462,963	51,817,751	313,794,233	282,282,027	31,512,206

# Appendix C

## DEPARTMENT OF CORRECTIONS COMPARATIVE SCHEDULE OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,				
	1999	1998	1997	1996	1995
Personal service	\$ 112,470,801	109,884,604	87,877,029	71,179,458	65,468,602
Capital improvements	0	30,600	0	13,480	0
Travel and vehicle:					
Expense	2,320,623	2,466,786	2,136,290	1,777,337	1,413,459
Equipment purchase	3,156,470	2,868,546	2,488,582	2,463,245	900,090
Office and communication:					
Expense	5,725,492	6,420,560	4,063,913	10,868,792	10,137,409
Equipment purchase	2,478,875	3,832,254	1,603,438	2,544,018	731,548
Institution and physical plant:					
Expense	50,407,693	54,718,110	41,584,202	37,332,301	30,115,522
Equipment purchase	8,837,503	16,293,933	6,371,721	6,431,142	3,738,987
Data processing expense and equipment	7,576,024	8,451,341	5,745,934	2,648,452	2,518,514
Professional services	53,986,857	49,983,643	46,728,489	29,258,241	22,999,332
Central supply purchases	16,592,319	21,160,909	15,755,448	10,723,202	10,113,022
Other expense	5,910,306	6,170,741	4,160,626	4,057,654	3,501,147
Total Expenditures	\$ <u>269,462,963</u>	<u>282,282,027</u>	<u>218,515,672</u>	<u>179,297,322</u>	<u>151,637,632</u>

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